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Resources, Community, and
Economic Development Division

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February 18, 1997

The Honorable Richard G. Lugar
Chairman
The Honorable Tom Harkin
Ranking Minority Member
Committee on Agriculture, Nutrition,
and Forestry
United States Senate

The Honorable Bob Smith
Chairman
The Honorable Charles W. Stenholm
Ranking Minority Member
Committee on Agriculture
House of Representatives

As with most federal agencies, the U.S. Department of Agriculture (USDA) buys a wide variety of goods and services to carry out its various missions, such as food safety, rural development, and others.¹ These procurements range from farm equipment, animals, feed, and construction to support its research mission, to aerial photography for its farm service mission, to legal services for its rural development mission. The Forest Service, within USDA, alone buys an immense array of goods and services for combating forest fires as well as for maintaining the national forests and their infrastructure. These purchases are accomplished through various procurement organizations—known as "contracting activities"—in the mission areas (one mission area has

¹USDA's seven mission areas are (1) Farm and Foreign Agricultural Services; (2) Food, Nutrition, and Consumer Services; (3) Food Safety; (4) Marketing and Inspection; (5) Natural Resources and Environment; (6) Research, Education, and Economics; and (7) Rural Development.

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two contracting activities) and the USDA Office of Operations, which provides support to the Office of the Secretary and its related offices.²

During the coming year, both the House and Senate Agriculture Committees plan to focus attention on overseeing the Department's basic operations. To facilitate this oversight, we have assembled basic information on the scope of USDA's procurement activities and how those activities are carried out. Specifically, for each USDA contracting activity, we sought to identify (1) the number and value of fiscal year 1996 procurement transactions; (2) the activity's organizational structure; (3) its fiscal year 1996 cost of operation; (4) the regulations, policies, and procedures used in awarding and administering procurement actions; and (5) the audits/reviews that have been performed on their operations.

In summary, we identified the following:

- In fiscal year 1996, USDA obligated about \$1.5 billion through various procurement instruments. Table 1 shows the number and value of these purchases through contracts for amounts over \$25,000, purchase orders for amounts of \$25,000 or less, and purchase card transactions that are usually for amounts of \$2,500 or less.³

²In fiscal year 1996, USDA purchased \$1.4 billion in agricultural commodities, including grain, livestock, poultry, dairy products, and fruits and vegetables. Such purchases are made to (1) support U.S. commodity prices, (2) sell commodities to foreign governments and relief or rehabilitative agencies worldwide, and (3) remove or dispose of surplus agricultural commodities. The laws, regulations, and authorities governing these purchases differ from those that apply to normal procurement and therefore will not be discussed in this report.

³For purposes of this report, these categories are based on the dollar categories used by USDA in collecting its procurement data for fiscal year 1996.

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Table 1: USDA Procurement for Fiscal Year 1996

Dollars in millions

Type of purchase	Number of transactions	Amount
Original contracts ^a	4,118	\$ 362
Contract modifications	7,944	679
Purchase orders	820,065	457
Purchase cards	380,353	94
Total	1,212,480	\$1,592

^aOriginal contracts include contracts between \$25,000 and \$100,000 awarded under special, simplified regulatory requirements.

- USDA's contracting activities mirror the decentralized organization of USDA. Generally, one agency in a mission area performs contracting for all of the agencies making up that mission area. This contracting activity usually consists of a headquarters office that is part of the agency's headquarters management/administration function and a number of field purchasing offices that report to the head of the field program activity, not the headquarters procurement office.
- The cost of administering the procurement function within each agency is not available. USDA generally does not break down the cost of its administrative activities such as procurement in such a way that the costs for that function can be identified.
- Each contracting activity is required to follow the requirements of the Federal Acquisition Regulation and USDA's own Agriculture Acquisition Regulation. These regulations may also be supplemented with mission-specific policies and procedures generated by the contracting activity.
- Internal agency oversight within the contracting activities generally occurs through periodic reviews conducted at the individual purchasing offices. In most cases, these reviews are performed by headquarters procurement personnel. However, the agencies often do not formally track findings and recommendations to ensure that corrective action takes place. In addition, USDA's Office of Inspector General has performed a number of contract-related reviews during the past 3 fiscal years. However, these reviews have

focused on specific contracts and do not represent broad-based, regular oversight of the procurement function in any of the contracting activities.

BACKGROUND

The acquisition⁴ of goods and services by USDA is governed by the Federal Property and Administrative Services Act of 1949, as amended, and implemented through the Federal Acquisition Regulation (FAR). The FAR is designed to deliver the best-value product or service to the customer on a timely basis, while maintaining the public's trust and fulfilling public policy objectives. USDA has established its own Department of Agriculture Acquisition Regulations (AGAR) to implement and supplement the FAR. These regulations cover the same areas as the FAR but have more specific guidelines on certain topics.

An acquisition or procurement of goods and services may take a variety of forms, the most common of which are contracts, purchase orders, and purchase card transactions. According to the FAR, the term "contract" means a mutually binding legal relationship obligating the seller to furnish the supplies or services (including construction) and the buyer to pay for them. It includes all types of commitments that obligate the government to an expenditure of appropriated funds and that, except as otherwise authorized, are in writing. A purchase order is a government offer to make a purchase under specified terms and conditions using simplified acquisition procedures that may be accepted by a vendor in writing or by delivering the requested goods or services.

Prior to the time when the Federal Acquisition Streamlining Act of 1994 took effect, contracts were generally used for purchases exceeding \$25,000 and purchase orders were used for purchases of \$25,000 or less. The act established a simplified acquisition threshold of \$100,000, and purchase orders may now be used for purchases that do not exceed that amount. However, because the data systems currently used by USDA accumulate data for contracts and purchase orders using the old definitions, this report combines all purchases from \$25,000 to \$100,000 in the contracts category rather than the purchase order category.

⁴The terms "acquisition" and "procurement," as used in this report, are interchangeable and refer to any purchase of goods or services made with appropriated funds.

Purchase card transactions involve the use of a government-issued credit card by authorized personnel.⁵ Although these transactions usually involve micropurchases (a purchase of \$2,500 or less), certain individuals in USDA with the appropriate warrants may be authorized to make purchases that exceed this amount, depending on the need of the organization for which the purchases are made.

The authority to obligate funds on behalf of USDA is given to an employee through a formal document, known as a warrant. This authority derives from the authority vested in the Secretary that is delegated throughout the Department. The warrant specifies the highest amount the warrant-holder is allowed to obligate for any given purchase. A person who holds a warrant is referred to as a contracting officer. The authority to obligate funds of \$2,500 or less through purchase cards is conferred without a warrant.

USDA accumulates data on its total procurement activity through two separate data systems. Information on contracts is contained in USDA's "279" data system which feeds into the governmentwide Federal Procurement Data System operated by the Office of Federal Procurement Policy. Each contracting activity enters contract information directly into this system. Purchase order data for USDA are accumulated by the National Finance Center (USDA's centralized accounting function) from purchase orders that are processed for payment. Referred to as the "281" system (from the report title for quarterly reports on purchase orders), these data are accumulated by agency—not by contracting activity—and summarized into quarterly USDA reports that are forwarded to the Office of Federal Procurement Policy for inclusion in governmentwide reports. In addition, data on purchase card transactions are collected Department-wide by USDA's Purchase Card Implementation Team.

USDA has nine major contracting activities: two in the Natural Resources and Environment mission area, one in each of the remaining six mission areas, and one in the Office of Operations. In addition, USDA's Office of Inspector General and Office of Financial Management have independent procurement functions, but these account for less than 1 percent of the total USDA funds

⁵Purchase cards, issued under a governmentwide contract managed by the General Services Administration, are to be used only for procurement. They are not related either to gasoline credit cards or to the credit cards issued to individuals for government travel expenses.

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obligated. Because of the small number and value of their procurement actions, we did not include these two activities in this report.

**NUMBER AND VALUE OF USDA
PROCUREMENTS IN FISCAL YEAR 1996**

USDA obligated about \$1.5 billion through contracts, purchase orders, and purchase card transactions during fiscal year 1996. Table 2 shows how funds were obligated by mission area and contracting activity. Specific information on each contracting activity, including statistics on the number, type, and value of its fiscal year 1996 procurement actions, is provided in enclosure I to this report.

Table 2: Procurement Obligations, by Mission Area and Agency, Fiscal Year 1996

Dollars in millions

Mission area	Contracting activity	Transactions (thousands)	Amount obligated
Farm and foreign agricultural services	Farm Service Agency	20.0	\$ 201.3
Food, nutrition, and consumer services	Food and Consumer Service	6.2	34.5
Food safety	Food Safety and Inspection Service	19.8	18.7
Marketing and inspection	Animal and Plant Health Inspection Service	114.4	68.3
Natural resources and environment	Natural Resources Conservation Service	100.7	130.1
	Forest Service	624.2	722.1
Research, education, and economics	Agricultural Research Service	237.8	232.1
Rural development	Operations and management	77.0	93.1
Departmental offices	Procurement Operations Division	12.4	91.6
Total		1,212.5	\$1,591.8

ORGANIZATIONAL STRUCTURE OF CONTRACTING ACTIVITIES

Contracting authority in USDA, as with other federal departments, rests with the Secretary. The Secretary does not exercise this authority directly but instead delegates it through the Assistant Secretary for Administration to the Senior Procurement Executive, who is responsible for managing the USDA acquisition function. The Senior Procurement Executive further delegates contracting authority to the heads of the agencies where procurement activity takes place and to the Director of USDA's Office of Operations, although he retains certain responsibilities, such as prescribing departmental acquisition policies, regulations, and procedures; approving certain high-value or sensitive procurements; and certifying to the Secretary that the acquisition system meets approved standards.

Within the mission areas, contracting authority has been delegated to certain agency administrators or heads of mission-area management functions. These individuals are referred to as the "Head of Contracting Activity" (HCA) and are the highest authority for contracting within each USDA unit. The HCAs have generally delegated their contracting authority to a "Head of Contracting Activity Designee" (HCAD), who directs the contracting activity on a day-to-day basis. The HCA also delegates contracting authority to individual contracting personnel who may then enter into and sign contracts within the scope of their delegated authority.

The HCAD and the associated contracting organization is commonly located in the management and administration function in each USDA mission area. Beyond this general structure, the contracting activities have varied organizations that may or may not include field offices. Field purchasing offices generally do not belong organizationally to the contracting activity, but to the management/administration function of the field offices. The responsibility for procurement policy, however, is maintained at the headquarters level.

COST OF CARRYING OUT PROCUREMENT OPERATIONS

Officials of each USDA contracting activity told us that it was not possible to separately identify the cost of carrying out procurement operations in USDA, generally because these costs are aggregated at the agency level and are not tracked separately. At best, these activities were able to provide a listing of persons with contracting warrants from which the major portion of personnel costs could be determined. However, these would not include such costs as overhead, travel, or administrative personnel. In addition, several HCADs

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indicated that some of their contracting personnel worked only part time in this role; therefore, only a part of their salaries could be considered a cost of procurement operations. Agency officials also told us that pro-rating salaries would be difficult—a task we did not attempt for this report.

PROCUREMENT POLICIES AND PROCEDURES

The AGAR requires that all contracting personnel in USDA follow the FAR and the AGAR in conducting their procurement activities. The AGAR is developed and maintained by the Procurement Policy Division in USDA's Office of Procurement and Property Management. This regulation implements the FAR where further implementation is needed and provides Department-wide procedures for subject matter not covered in the FAR. Similarly, each contracting activity may have a set of policies and procedures that supplement the AGAR. Generally, these are administrative instructions for such processes as submitting procurement or purchase requests, maintaining contract files, or determining the approvals needed for awarding certain dollar-value contracts. However, all such instructions must be consistent with both the FAR and AGAR.

PROCUREMENT REVIEWS FOR USDA'S CONTRACTING ACTIVITIES

Seven of the nine USDA contracting activities have an internal process for periodically reviewing contracts and small purchases for compliance with the applicable regulations and guidance. Often these reviews are scheduled and conducted by headquarters procurement personnel who normally handle policy issues, although some may be performed by agency personnel who review all program and administrative functions. The reviews normally result in written reports with findings and recommendations. These reviews have identified such problems as inadequate descriptions of items to be purchased, incomplete contract files, inadequate justification for sole-source purchases, and the use of purchase orders to make payments on contracts.

There did not appear to be any systematic process to follow up on the recommendations in the reports and ensure that corrective action was taken. Most HCADs told us that reviewers would, at a minimum, check to see that corrective action was taken when the next review was performed. In addition, some officials stated that significant recommendations are tracked until the problems are corrected.

However, two of the seven activities that had a formal review process had suspended their reviews for a year or more because of personnel shortages or

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travel limitations. Also, two other activities excluded certain elements of their procurement function from their formal review process. One excluded the headquarters purchasing office because officials felt that periodic outside reviews were sufficient. The other excluded architect/engineer contracts from the regular review process but conducted periodic reviews of these contracts on an ad hoc basis.

In addition, USDA's Office of Inspector General (OIG) has performed a number of contract-related reviews over the past 3 fiscal years. Most of these were audits to assist USDA contracting officers in the negotiation, administration, and settlement of specific USDA contracts and subcontracts. In addition, OIG reviewed Small Business Administration 8(a) contracts to ensure that the program was not being used to reach favored subcontractors.

AGENCY COMMENTS

We provided copies of a draft of this report to USDA for its review and comment. We met with officials of the Department, including USDA's Senior Procurement Executive. USDA generally agreed with the report's findings and provided corrected or updated information, which we have incorporated as appropriate.

SCOPE AND METHODOLOGY

To prepare this report, we interviewed the HCADs from the nine contracting activities and officials from the Procurement Policy Division in USDA's Office of Procurement and Property Management. We collected and analyzed documents relating to each activity's organization, policies and procedures, staffing, and procurement reviews. We also obtained data on fiscal year 1996 contract actions, purchase orders, and purchase card transactions on all activities from the Procurement Policy Division. We did not verify the accuracy of the data reported. In some cases, however, we found that information from the contracting activity differed from the USDA-level information. These differences are noted in enclosure I. The categories shown in the tables reflect the procurement types reported in the data systems from which the categories are drawn. While some of the category definitions may overlap, USDA procurement officials told us that these data should reflect total USDA procurement without duplication.

The data shown in all tables in this report were derived from (1) USDA's "279" contracts data system, (2) the National Finance Center's "281" purchase order data, and (3) information provided by USDA's Purchase Card Implementation

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Team. The data from these sources are grouped by the contracting activity that processes contracts for each mission area. Purchase order and purchase card data are accumulated in USDA by agency, not by contracting activity. For these types of purchases, we have combined the agency transactions and amounts to display them by their respective contracting activity. For example, under the Office of Operations' Procurement Operations Division, we show purchase order and purchase card amounts for as many as 15 USDA organizations. The total transactions and amounts reflect the purchases made by these organizations, not the number of purchase orders or purchase card transactions processed by the Procurement Operations Division. Enclosure II shows detailed information on the organizations that we have summarized by contracting activity.

We performed our work from October 1996 through February 1997 in accordance with generally accepted government audit standards.

We are sending copies of this report to the appropriate Senate and House Committees; interested Members of Congress; the Secretary of Agriculture; the Director, Office of Management and Budget; and other interested parties. We will also make copies available to others upon request.

Major contributors to this report were Emi Brock, Jackie Cook, and Deborah Justice. Please call me at (202) 512-5138 if you or your staff have any questions.



Robert A. Robinson
Director, Food and
Agriculture Issues

Enclosures - 2

USDA'S CONTRACTING ACTIVITIESFARM SERVICE AGENCY

The Farm Service Agency (FSA) administers an array of programs to assist farmers and producers that include domestic commodity price and income support programs; crop insurance and other risk-management programs; and farm ownership, operating, and emergency disaster loan programs. FSA conducts its programs through about 2,500 regional, state, and local offices.

In support of these offices, FSA purchases such things as ADP services, architectural and engineering services for waste and pesticide cleanup; film and aerial photography services for land use and compliance functions; and auctioneering, land survey, and property appraisal services related to the repossession and resale of farms where farmers have defaulted on loans. Table I.1 shows USDA'S data on FSA's procurement actions for fiscal year 1996.

Table I.1: Fiscal Year 1996 Contract Activity - FSA

Dollars in thousands

Type of purchase	Number of transactions	Amount
Original contracts ^a	71	\$ 13,707
Contract modifications	298	171,377
Purchase orders	16,577	15,354
Purchase cards	3,025	891
Total	19,971	\$201,329

^aFSA's records show 11 fewer original contracts than the USDA data. However, the agency's records also show obligations for original contracts as \$2,069,498 more than the amount shown in the USDA data. Officials could not explain why these differences occurred.

Organization

FSA provides procurement support to agencies in the Farm and Foreign Agriculture mission area, which includes FSA, the Risk Management Agency, and the Foreign Agriculture Service. FSA's contracting activity is organizationally located in the Acquisitions Management Branch under the Deputy Administrator for Management in the headquarters office in Washington, D.C. FSA's procurement activities are currently carried out by about 150 contracting officers in 61 purchasing offices located in every

state and Puerto Rico. FSA's state purchasing offices provide procurement support for 2,500 county offices. In fiscal year 1996, FSA had about 175 purchase card holders who completed about 3,025 transactions.

Budget/Cost Data

FSA could not provide us with the cost of its procurement operations. According to FSA officials, although salary costs for procurement personnel are available, the administrative costs—telephones, training, etc.—associated with procurement operations are not available because these costs are aggregated at the agency level and are not tracked separately.

Procurement Policies and Procedures

FSA contracting officers must comply with the requirements of the Federal Acquisition Regulation (FAR) and the Agriculture Acquisition Regulation (AGAR). In addition, FSA uses Procurement Policy Memorandums, which are internal administrative procedures that provide detailed instructions on processing procurement actions. These procedures address a number of issues, such as the receipt, handling, opening, and disposition of bids, proposals, and amendments and the distribution of purchase orders and delivery orders.

Procurement Reviews

The Planning and Oversight Section within the FSA Acquisition Management Branch has within the last few years performed formal on-site procurement management audits at about eight state offices. The reviews included a comprehensive examination of simplified acquisition awards, including small purchase operations. In general, the audit results indicated that most purchase orders met the simplified acquisition and small purchase regulations. However, there were several problems, such as not using mandatory General Service Administration sources, inadequate purchase descriptions, and neglecting to use procurement request forms. The reviews resulted in recommendations to prevent a recurrence of similar situations. State purchasing offices were requested to develop and implement specific administrative procedures to correct the deficiencies. These administrative procedures are reviewed by Acquisition Management Branch personnel, who follow up during the next review to ensure that corrective action has occurred.

FOOD AND CONSUMER SERVICE

The Food, Nutrition, and Consumer Services mission area has only one agency, the Food and Consumer Service (FCS). This agency carries out federal food assistance programs, including the Food Stamp Program; the National School Lunch and School Breakfast programs; the Special Supplemental Nutrition Program for Women, Infants, and Children; child nutrition programs; and various commodity assistance and food donation programs. FCS also works to promote good nutrition in the assistance population.

FCS' major purchases include program studies and analyses; food stamp coupon production, storage, and distribution; and federal information processing such as hardware, software, support services, and maintenance. Table I.2 shows USDA's data on FCS' procurement actions for fiscal year 1996.

Table I.2: Fiscal Year 1996 Contract Activity - FCS

Dollars in thousands

Type of purchase	Number of transactions	Amount
Original contracts ^a	12	\$ 8,754
Contract modifications	92	21,576
Purchase orders	4,880	3,764
Purchase cards	1,257	410
Total	6,241	\$34,504

^aThe FCS Contract Management Branch Chief told us that his office maintains a separate database of headquarters procurement activities. This database shows 17 original contracts totaling \$9 million. He said that two contracts were omitted from the USDA data because they were indefinite delivery, indefinite quantity contracts with initial obligated amounts of less than \$500. The system does not allow amounts of this size to be entered. However, he does not know why the USDA system did not show the other three contracts, since the data in both systems are entered by his own staff. Because FCS contracts are processed only in headquarters, the numbers should be the same as what appears in the USDA system.

Organization

The contracting activity in FCS is organizationally located in the Contracts Management Branch, Administrative Services Division, under the Deputy Administrator for Management, FCS. This headquarters office, located in Alexandria, Virginia, is responsible for all FCS contracting and most small purchases. There are also purchasing offices located in the seven FCS regional offices and the Benefit Redemption System Branch in Minneapolis. A total of 24 contracting officers, 8 in headquarters and 16 in the field

locations, carry out the agency's purchasing responsibilities. The contract staff in the field are organizationally part of the regional offices or the Benefit Redemption System Branch. They are not part of the headquarters procurement organization. In addition, there are about 20 nonprocurement persons with the authority to make purchases with purchase cards.

Budget/Cost Data

FCS does not have a separate budget for its contracting activity. In headquarters, the contracting office is one part of the Administrative Services Division's budget. According to the Head of the Contracting Activity Designee (HCAD), segregating costs for this activity would be quite difficult because several staff who have contracting responsibilities also process grants and cooperative agreements and/or perform work in the agency's budget function. Their responsibilities would need to be analyzed and pro-rated to gain a reasonable estimate of the costs associated with the contracting activity. Such analyses have never been performed.

Procurement Policies and Procedures

In addition to the FAR and AGAR, FCS has its own set of procurement directives called "standard operating procedures." These contain policies, procedures, and formats for various functions that are not specifically covered by the other regulations. They include procedures for preparing a request for contract, preparing contract and modification files, and conducting pre-proposal conferences; approvals required for advisory and assistance contracts; support needed for contract cost or price analyses; and policy stating appropriate vs. inappropriate actions to modify contracts.

Procurement Reviews

The headquarters contracting office conducts one or two management reviews per year of purchasing activities in the FCS field offices. According to the Contracts Management Branch Chief, any problems identified in these reviews can generally be resolved immediately. They are often corrected through refresher training of the field office staff. The headquarters office, which processes all FCS contracts, does not undergo regular internal reviews. In the past, the FCS headquarters office has been included in reviews by USDA's Office of Inspector General. The most recent of these reviews was completed more than 2 years ago but FCS officials said they did not receive a copy of the draft or final report. Other reviews have also been performed from time to time on an ad hoc basis by USDA-level organizations.

FOOD SAFETY AND INSPECTION SERVICE

The Food Safety and Inspection Service (FSIS) ensures that all meat and poultry sold in interstate and foreign commerce, including imported products, is safe, wholesome, and accurately labeled. This effort is carried out by federal inspectors who visually inspect animals and carcasses and test for pathogenic organisms and drug and chemical residues. Three FSIS field laboratories provide analytical support.

FSIS purchases goods and services that support its inspection activities, such as laboratory equipment, supplies, shipping containers, maintenance, and renovation, as well as general office supplies and computers. Table I.3 shows USDA's data on FSIS' procurement actions for fiscal year 1996.

Table I.3: Fiscal Year 1996 Contract Activity - FSIS^a

Dollars in thousands

Type of purchase	Number of transactions	Amount
Original contracts	9	\$ 1,489
Contract modifications	546	9,556
Purchase orders	16,178	6,977
Purchase cards	3,028	707
Total	19,761	\$18,729

^aFSIS procurement officials keep track of the agency's procurement obligations in addition to providing information to the USDA-level data systems on contracts, purchase orders, and purchase card transactions. However, information from FSIS' records differed from the data shown in table I.3. For example, FSIS shows that 1,339 purchase orders for \$11.2 million were completed in fiscal year 1996—not 16,178 for \$7 million. While officials determined that about 500 orders (totaling about \$5 million) against blanket purchase agreements were not included in the USDA data, neither FSIS nor USDA data system officials could further explain the differences.

Organization

All purchases made by FSIS are processed through a single purchasing office in FSIS headquarters in Washington, D.C.⁶ This office is part of the Procurement and Property

⁶A second purchasing office in Minneapolis closed as of September 30, 1996. Prior to closing, it employed five personnel: three contracting officers, a secretary, and a supervisor.

Branch, Administrative Services Division, in the FSIS Office of Management. The office awards all contracts and purchase orders only for FSIS organizations; procurement services are not provided to any other USDA agencies.

FSIS' contracting is currently carried out by seven contracting officers in the headquarters office. It also has two vacant positions, one of which will be filled during fiscal year 1997. These people provide all procurement support to the 5 FSIS regional offices, 27 area offices, and 3 laboratories. Purchase requests are forwarded to the headquarters office from throughout the organization. In addition, FSIS has 91 purchase card holders, of whom 7 are the headquarters contracting officers. Purchase card obligations were generally less than \$2,000 for each transaction. FSIS is seeking to expand the use of purchase cards to reduce procurement costs.

Budget/Cost Data

Virtually all costs associated with the contracting activity in FSIS are personnel costs. In fiscal year 1996, the 14 staff located in the headquarters and Minneapolis offices incurred salary costs of \$657,244—\$413,568 and \$243,976, respectively. However, according to the HCAD, these personnel costs do not reflect the full cost of procurement operations. Overhead and administrative costs for the contracting activity, such as office space and equipment, supplies, telephones, and travel, are combined with those of the other functions in the Administrative Services Division and are not separately identifiable.

Procurement Policies and Procedures

FSIS contracting officers must comply with the requirements of the FAR and the AGAR. In addition, they have an agency directive, FSIS Directive 2100.1: Procurement of Supplies, Equipment, Forms, and Services, that contains procedures for requesting purchases and processing these requests. This directive supplements the procedures in the FAR and AGAR. It provides instructions for filling out various forms, local purchase procedures, dollar thresholds for specialty items (such as computer equipment, advisory and assistance services, and construction), and rules for using purchase cards.

Procurement Reviews

FSIS has not had a formal procurement review by an outside source since 1988. According to the HCAD, the activity level is small enough that he and the head of the Acquisition and Agreements Section can provide oversight to every contract.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

The Animal and Plant Health Inspection Service (APHIS) provides contracting support to the three major agencies within USDA's Marketing and Inspection mission area: APHIS; the Grain Inspection, Packers, and Stockyards Administration (GIPSA); and the Agricultural Marketing Service (AMS). These agencies are responsible for, respectively, (1) protecting the nation's animal and plant resources from diseases and pests in order to preserve the marketability of U.S. agricultural products; (2) assisting in the marketing of grain, rice, and other related commodities and ensuring the integrity of the livestock, meat, and poultry markets; and (3) maintaining the stability of food prices and providing food assistance to foreign countries through federal purchases of U.S. farm commodities.

APHIS purchases goods and services to keep animal and plant diseases out of the country, including airplane services for crop spraying, chemicals for pest control, laboratory equipment, weapons for animal control, and incinerators to destroy diseased animals. APHIS also purchases information technology, architect and engineering and construction services for all three agencies. Table I.4 shows USDA's data on APHIS' procurement actions for fiscal year 1996.

Table I.4: Fiscal Year 1996 Contract Activity - APHIS

Dollars in thousands

Type of purchase	Number of transactions	Amount
Original contracts	77	\$ 7,999
Contract modifications	417	12,722
Purchase orders	66,731	40,656
Purchase cards	47,175	6,962
Total	114,400	\$68,339

Organization

APHIS' procurement operations and purchases take place in both headquarters and the field offices throughout the country. APHIS headquarters provides procurement policy and guidance for all APHIS purchasing offices and is responsible for managing the process of issuing contract warrants and for establishing internal procedures for using purchase cards. APHIS headquarters also handles the contracts for purchases of information technology, construction, and architect/engineering services for APHIS, GIPSA, and AMS.

APHIS headquarters and its Field Servicing Office in Minneapolis process all types of procurements, including contracts and purchase orders. In addition, APHIS has a contracting officer located in Tuxtla, Mexico, who provides all types of procurement services for the 200-250 APHIS employees in Mexico that investigate and mitigate animal and plant disease outbreaks. It also has 23 other field offices that make purchases of only \$25,000 or less. Fifty-seven warranted people have the authority to conduct procurement activities in the APHIS regional, state, and area offices and in the research facilities. In addition to contracting officers, these people include procurement clerks, supply service technicians, and administrative officers. Also, APHIS has about 1,800 nonwarranted personnel authorized to use purchase cards for purchases of up to \$2,500.

Budget/Cost Data

APHIS officials could not provide an estimate of its budget or costs of procurement operations. There is no line item in the mission or the APHIS budget for procurement operations. Procurement activities are grouped together with other functions within the agency and the various field services offices. In addition, approximately 30 percent of APHIS' overall budget is paid through user fees rather than appropriated funds. These funds are generated from a surcharge for inspection services at ports of arrival into the customs territory of the United States. Furthermore, GIPSA and AMS reimburse APHIS for procurement services. The cost associated with providing procurement services is not broken out.

Procurement Policies and Procedures

APHIS personnel must comply with the FAR and the AGAR when conducting procurement activities. Currently, APHIS is developing agency directives that will be used to supplement the FAR and AGAR. These directives will provide guidance to contracting officers and purchase card users in areas where the FAR and AGAR allow agency flexibility in the procurement process. In addition, APHIS procurement officials told us they have a handbook of internal procedures, such as how to use purchase cards. They said that this handbook, currently being revised, is primarily used by nonwarranted personnel.

Procurement Reviews

APHIS performs internal procurement management reviews to ensure compliance with the established APHIS and USDA policies, procedures, and regulations. Four recent review reports identified a number of problems: taxes were improperly applied to some purchases made with purchase cards; individuals other than the purchase cardholders signed receipts; purchase cards were used improperly to purchase telecommunications equipment and the purchases were made by an individual who was not at that office

location; purchase orders were processed without the completion of a purchase order request; and files lacked evidence of competition. The reports recommend corrective actions that are reviewed by headquarters staff to determine whether follow-up is needed. However, APHIS does not have a formal tracking system to ensure that corrective action is taken.

NATURAL RESOURCES CONSERVATION SERVICE

Through local conservation districts, the Natural Resources Conservation Service (NRCS) provides technical assistance to private land owners and users; communities; watershed groups; federal, state, and local agencies; and other cooperators to conserve, improve, and sustain the nation's natural resources. Its work focuses on soil and water erosion reduction, water quality improvement, wetland restoration and protection, water management, and other natural resources problems.

In addition to standard office supplies and equipment, NRCS makes the purchases necessary to conduct soil survey classification and provide technical assistance to customers concerning land use. NRCS' purchases also include construction projects such as earthen dams, levees, and recreation areas; the restoration of areas after natural disasters; and scientific equipment to support the agency's scientific personnel. Table I.5 shows USDA's data on NRCS' procurement actions for fiscal year 1996.

Table I.5: Fiscal Year 1996 Contract Activity - NRCS

Dollars in thousands

Type of purchase	Number of transactions	Amount
Original contracts	868	\$ 56,350
Contract modifications	652	37,585
Purchase orders	71,624	31,964
Purchase cards	27,604	4,228
Total	100,748	\$130,126

Organization

The contracting activity in NRCS is distributed throughout the agency in headquarters, regional, and state offices. The Management Services Division under the NRCS Deputy Chief for Management and Strategic Planning is responsible for policy, training, and oversight of the purchasing offices. Another office in headquarters, under the

Administrative Support Division, does all purchasing for NRCS headquarters offices. There are also 57 field purchasing offices located in 48 state offices, 6 regional offices, Puerto Rico, and at the NRCS National Business Center and the Information Technology Center.

The state purchasing offices support NRCS state offices and the county-level service center offices that are the primary point of contact between NRCS and its customers. Most purchases are made at this level. The regional purchasing offices provide assistance and oversight to a group of state offices. The contracting officers at this level often have high levels of contracting authority and may process high-value state projects, such as earthwork construction projects, as needed. They also provide procurement assistance to the state offices during natural disasters. Regional contracting officers are responsible for communicating procurement policy to the state-office level. In addition, they may also provide assistance to headquarters personnel on procurement policy decisions.

Budget/Cost Data

According to the HCAD, budget and cost information for the NRCS contracting activity is not readily available because each purchasing office is organizationally part of the program office it supports. From a budget standpoint, the Chief of NRCS allocates funds to the six Regional Conservationists, who in turn give budgets to the state offices. Each regional office decides where the funds will be spent, including how much will be allocated to the various purchasing activities.

Procurement Policies and Procedures

The Director of the Management Services Division is responsible for making all policy decisions for the NRCS contracting activity. The Division is responsible for the NRCS Acquisition Regulation, which supplements the FAR and AGAR. This regulation, transmitted through a series of circulars, establishes policies and requirements that include (1) requiring procurement requests to have inspection staffing plans for overseeing the contract, (2) setting aside certain contracts for small business, and (3) setting up contract financing as part of the annual acquisition planning process.

Procurement Reviews

According to the Director, Management Services Division, the NRCS regional purchasing offices were given the responsibility for the oversight and evaluation of all purchasing functions in the regional and associated state offices when they were created in 1996. The Management Services Division also is responsible for doing contract reviews. Although its oversight at one time extended to all purchasing offices, its efforts are now directed primarily at the regional offices. However, because of staff shortages, there has

been a moratorium on these reviews for the past 2 to 3 years. As a result, we believe the findings from the most recent reviews, performed in 1990, may not be relevant to current practices.

The Management Services Division is now working to train regional office staff to perform contract reviews. When trained, these staff members will be responsible for regularly reviewing the activities of the state offices. According to the Director, the headquarters staff will resume reviews of regional offices on an as-needed basis but will continue to provide procurement-related training to all contracting staff.

FOREST SERVICE

The Forest Service is responsible for administering 191 million acres of national forest and grasslands in the National Forest System. It manages the resources on these lands, including timber, fish and wildlife habitat, range conservation, recreation, and firefighting, through its headquarters office in Washington, 9 regional offices, 156 national forest supervisor offices, and 617 ranger districts. The Forest Service also provides leadership in forest and rangeland research.

The Forest Service awards contracts for a wide variety of goods and services. These include construction projects, such as building logging roads; service contracts, such as trail maintenance and tree planting; and support services for wildlife studies, archaeology studies, mapping, and basic or applied research. Fire suppression contracting is a large part of its annual activity, which may include buying aircraft and helicopter services, fire retardant, and other supplies and services needed to fight forest fires. Table I.6 shows USDA's data on the Forest Service's procurement actions for fiscal year 1996.

Table I.6: Fiscal Year 1996 Contract Activity - Forest Service

Dollars in thousands

Type of purchase	Number of transactions	Amount
Original contracts	2,530	\$ 218,998
Contract modifications	3,945	223,891
Purchase orders	427,484	233,679
Purchase cards	190,245	45,500
Total^a	624,204	\$722,068

^aForest Service procurement officials stated that these totals do not include an estimated \$134 million obligated through third-party drafts and emergency equipment rental agreements. They said neither of the

USDA procurement data systems are designed to record this information. The Forest Service is currently investigating a way to accurately capture information on emergency equipment rental agreement obligations.

Organization

The Forest Service's contracting is currently carried out by about 250 contracting officers in 149 purchasing offices. These offices are organizationally aligned with the four-level Forest Service field structure (headquarters, regional offices, national forests, and ranger districts). Purchasing offices are also located at some Forest Service research stations. These stations have a different regional structure from the national forest organization; three of the eight stations get contracting support from the regional offices, while the remainder have their own dedicated staff of one or two contracting officers and several purchasing agents. The Forest Service's contracting activity does not support any other USDA agencies.

In headquarters, the Procurement and Property Staff, under the Deputy Chief for Administration, has several functions. It establishes and interprets procurement policy for the Forest Service overall, conducts reviews of the field contracting activities, handles extremely large or unique procurements that cannot be done by field offices, and makes purchases for Forest Service offices at headquarters. Most of the Forest Service's procurement takes place at the national forest level. Ranger district personnel for the most part do only micropurchases; larger procurement needs are handled by the national forest contracting officers. Regional offices also have contracting officers that handle procurement for the regional organization as well as unusual contracts or those that exceed the contracting authority of the national forest procurement staff. In addition, the Forest Service has about 6,000 purchase card holders, most of whom do not have specific warrant authority.

Budget/Cost Data

Budget and/or cost data for the Forest Service's procurement function are not clearly identifiable. According to the Director of Procurement and Property Division, the Forest Service purchasing offices in the field are not uniquely funded; they are part of the regions' or national forests' budgets for administration and support. The salaries of the procurement staff may be the only cost that can be identified as unique to the procurement function. However, Forest Service officials were able only to provide a list of contracting officers, which did not specify exact salary levels and did not include benefit costs. The list did not include the 300 to 400 personnel whose warrants are restricted to simplified acquisition. Also, because the Forest Service requires that a person be at least a GS-11 to be granted a journeyman contracting warrant, the list of contracting officers does not include about 20 procurement training positions at the GS-5, -7, and -9 levels, whose warrants are also restricted to simplified acquisition. As result,

the Forest Service was not able to provide complete information on the budget or operations costs of the various procurement offices.

Procurement Policies and Procedures

In addition to being required to follow the FAR and the AGAR, the Forest Service has its own procurement regulations, the Forest Service Acquisition Regulation. This document provides guidance and procedures for the agency's use in following the FAR and AGAR, and other material from special laws and regulations that relate only to the Forest Service. For example, it contains guidance on setting signatory authority for procurement personnel, personnel training requirements, and review thresholds.

Procurement Reviews

The Procurement and Property Staff from Forest Service headquarters conducts two formal reviews of the contracting activities at the regional offices and their associated national forest and ranger station purchasing offices each year. Among other things, reviewers examine (1) organizational configurations and staffing, (2) the effectiveness and efficiency of the organization, and (3) compliance with law, regulation, and policy in the procurement and property functions. These reviews, which result in a written report, also include analyses of selected contracts, purchase orders, and agreements awarded by certain national forests and ranger districts associated with the regional office. The reviews are used not only to identify weaknesses in field procurement operations, but also to identify and share instances of innovative and successful practices used in the region. According to the Director of the Procurement and Property Staff, some of the more significant recommendations are tracked by headquarters officials to ensure that corrective action takes place. While less significant recommendations are not tracked, reviewers check on the status of past recommendations when a new review is performed.

Among the contracting-related findings of the two most recent reviews were (1) incomplete or poor documentation of contract files, (2) using purchase orders to make payments under contracts, (3) underutilization of simplified purchase procedures, and (4) unnecessary duplication between local procurement directives and higher level regulations.

According to the HCAD, the Procurement and Property Staff also conduct informal "functional assistance trips." These reviews, performed at regions, national forests, or both, are narrower in scope and are intended to focus on specific problems. They are documented in an informal report and/or meeting notes and primarily cover areas for which the unit has asked for help.

AGRICULTURAL RESEARCH SERVICE

The Agricultural Research Service (ARS) provides contracting support for the four major agencies within USDA's Research, Education, and Economics mission area: ARS, the Cooperative State Research, Education, & Extension Service, the Economic Research Service, and the National Agricultural Statistical Service. These agencies conduct agricultural research at USDA laboratory locations; distribute research funds to states, colleges, universities, and other institutions; and provide economic and social science analyses relating to agriculture, food, natural resources, and rural America.

Most of ARS' contracts and other purchases support the agency's research mission and its 104 research facilities located throughout the country. The goods and services purchased for this organization include scientific equipment for laboratories, farm equipment and implements, farm animals, animal feed, fertilizer, support services (maintenance of facilities, security services), housekeeping services, architect/engineering services, and construction. Table I.7 shows USDA's data on ARS' procurement actions for fiscal year 1996.

Table I.7: Fiscal Year 1996 Contract Activity - ARS

Dollars in thousands

Type of purchase	Number of transactions	Amount
Original contracts	384	\$ 46,910
Contract modifications	979	74,952
Purchase orders	137,928	77,274
Purchase cards	98,482	32,984
Total	237,773	\$232,120^a

^aARS officials told us that their records show that total procurement obligations for fiscal year 1996 were about \$215 million---about 7 percent less than the sum of the amounts shown in the data we obtained from USDA's procurement reporting systems. Officials said that their information also originated from the USDA reporting systems and could not explain this difference.

Organization

ARS provides contracting support to the mission's four agencies through its headquarters Procurement and Property Division and Facilities Division and at ARS field offices throughout the country. The Procurement and Property Division is responsible for formulating ARS' procurement policy, making purchases for the agencies' headquarters

offices, awarding and administering contracts that exceed field office purchasing limits, and conducting reviews of field purchasing activities. The Facilities Division is responsible for procuring only architect/engineering services and construction for ARS.

The area and other field purchasing offices process purchase orders and contracts but have limited contracting authority—generally up to \$500,000. The area office contracting officers have the higher authority and process contracts that exceed the limits from the associated purchasing offices. ARS has 223 warranted personnel (the majority of whom make purchases as only part of their jobs) that provide procurement support to headquarters and 104 field offices. In fiscal year 1996, it also had about 1,660 purchase card holders, who generally did not have contract warrants.

Budget/Cost Data

There is no direct budget for contracting activities in ARS. Each office is funded as part of the administrative unit to which it belongs. Also, ARS officials stated that it would be extremely difficult to determine the cost of operations for the ARS contracting activity. While the headquarters procurement-related divisions are somewhat segregated from other functions, the contracting personnel in the field are part of each office's administrative function. The cost of their efforts could not easily be determined. Also, a number of contracting personnel in the field do procurement as only part of their jobs. To determine how much of their salaries should be considered a procurement cost, one would need to know what portion of each person's time is spent annually on contracting activities and then pro-rate their annual pay.

Procurement Policies and Procedures

In addition to the FAR and AGAR, ARS issues procurement guidance in the form of policy bulletins and memorandums. This guidance supplements the FAR and AGAR, providing guidance on agency-specific procedures relating to procurement issues. For example, recent memorandums and bulletins included instructions for incorporating energy efficiency criteria into solicitations, approval levels for sole-source justifications, and procedures to be followed in ratifying unauthorized commitments. ARS has also developed a comprehensive "Field Acquisition Manual" for use by both procurement and program personnel. Updated annually, this manual provides instructions and requirements for all those who have a role in any phase of the procurement process.

Procurement Reviews

The Procurement and Property Division's Policy Branch conducts formal reviews of ARS' procurement activities on a regular basis. Two to three reviews are conducted at ARS area offices each year on a rotating basis, so that each office is reviewed at least once

every 4 to 5 years. Reviewers use a standard procedure that includes a complete review of all contracts and a sample of purchase orders awarded during the previous 2 years; a formal report is issued upon completion. The findings from recently completed reviews include (1) inadequate documentation of fair and reasonable price, (2) incomplete documentation of some contract files, (3) inadequate sole-source justifications, and (4) contract awards made without proper consideration of competing bids or proposals.

However, these reviews do not cover all ARS' procurement activities. Architect/engineer and construction contracts are specifically excluded. Also, the reviews do not include any of the smaller purchasing offices below the area-office level. According to the Policy Branch Chief, the smaller offices should be regularly reviewed by area-office personnel. In addition, the smaller offices will be reviewed as part of a "Consolidated Assistance Review and Evaluation" performed by staff under the ARS Associate Administrator for Administrative and Financial Management. This standardized review covers both program and administrative functions and contains a section devoted exclusively to procurement activities. The Policy Branch is required to review and comment on any negative findings identified for procurement activities.

RURAL DEVELOPMENT

The Rural Development (RD) mission area is designed to assist rural areas overcome the problems of downward spiral of job losses, out-migration, diminishing services, and declining or stagnant living standards by stimulating new partnerships with rural communities, funding projects, and providing technical assistance to help create quality jobs, services, housing, and utilities. RD programs help create and preserve rural jobs and create or improve more than 60,000 units of quality rural housing. RD encourages state, local, and tribal governments as well as private and nonprofit organizations and user-owner cooperatives to engage in rural revitalization efforts.

RD programs are administered through three rural development services: the Rural Utilities Services, the Rural Business and Cooperative Development Service, and the Rural Housing and Community Development Service. Also, the RD mission includes the Alternative Agricultural Research and Commercialization Center, which expedites the development and market penetration of nonfood, nonfeed, industrial products from agricultural and forestry materials and animal by-products. RD programs and services are provided through state, regional, district, county, and local/area offices.

RD's purchasing offices obtain a variety of goods and services in support of its mission for the three agencies mentioned above and the research corporation. Goods and services such as (1) legal services for foreclosures; (2) loan services including appraisals, inspections, analyses, audits, and information services; (3) custodial and inventory property services, including repairs and improvements, maintenance, and management;

and (4) ADP software, components, support equipment, data conversion, and other telecommunications services are purchased throughout the country. Table I.8 shows USDA's data on RD's procurement actions for fiscal year 1996.

Table I.8: Fiscal Year 1996 Contract Activity - RD

Dollars in thousands

Type of purchase	Number of transactions	Amount
Original contracts	141	\$ 4,834
Contract modifications	600	52,292
Purchase orders	69,394	34,660
Purchase cards	6,870	1,277
Total	77,005	\$93,063

Organization

RD's procurement activities are carried out by the Procurement Management Division (PMD) under RD's Deputy Administrator for Operations and Management located in Washington, D.C. PMD provides procurement support for the four RD organizations, develops mission-related procurement policy to supplement the FAR and AGAR, oversees field procurement activities, and interacts on procurement issues with other USDA offices, such as the Office of General Counsel, Office of Small and Disadvantaged Business Utilization, and Office of Procurement.

RD has 108 contracting officers that handle procurement activity for 1,022 field offices. Some state offices maintain a centralized procurement operation and may have contracting officers with warrants up to \$100,000. Their associated field offices may have authority only for micropurchases using a purchase card with a limit of \$2,500 or less, or could have some individuals warranted at relatively low levels. Other state offices have a decentralized operation, resulting in warranted contracting officers being located in both the state and field offices. In addition, RD officials said that 337 RD employees are currently authorized to use purchase cards.

Budget/Cost Data

RD procurement officials stated that they could not provide a cost of procurement operations because they were not able to break out the costs of procurement for the state and field offices.

Procurement Policies and Procedures

RD procurement personnel must comply with the FAR and the AGAR in carrying out their procurement activities. In addition, RD has its own procurement manual that contains policies and procedures that apply specifically to the RD procurement process. This manual, which incorporates new polices and procedures and updates old directives, is in the process of being approved. The manual does not restate the FAR or AGAR.

Procurement Reviews

RD procurement officials informed us that they have had continuous staff assistance reviews and internal review studies of procurement operations. The staff assistance reviews are performed by the Procurement Management Division to provide guidance on procurement issues and procedures, highlight recent procurement changes, present ways to improve the procurement process, and ensure that audit recommendations are implemented. In fiscal year 1996, no staff assistance reviews were done because of a limited travel budget.

In addition, peer reviews are conducted by one state office on another state office's administrative functions, of which procurement is one segment. These reviews that look at the administrative and program operations within a state office were conducted in nine state offices in fiscal year 1996. The review reports identified a variety of administrative weaknesses, such as the following: (1) procurement files did not contain records of payments against contracts or delivery orders, (2) some information was not entered into the USDA 279 data system, (3) a contract file did not contain documentation to justify a small business set-aside, (4) sufficient sources were not solicited to ensure adequate competition, and (5) some files lacked documentation giving authority to obligate funds for purchases. Recommendations were made to correct these weaknesses.

OFFICE OF OPERATIONS

The Office of Operations is responsible for USDA's Department-level administrative services functions, including contracting and small purchasing, real and personal property management, space, vehicles, forms and supplies, internal energy management, and management of mailing lists. Certain centralized administrative services are also provided in headquarters, including facilities management; mail processing; acquisition, warehousing, and distribution of forms, publications, and office supplies; reproduction and copying services; shipping and receiving; imprest fund; and administrative support to the Office of the Secretary. The acquisition function is performed by the Procurement Operations Division (POD) within the Office of Operations.

POD purchases goods and services such as personal computer equipment and related maintenance services; voice mail services; air time for pagers; cell phone services; construction; interior and exterior building maintenance services; architectural and engineering services; and janitorial services for the four-building complex that makes up USDA headquarters. Table I.9 shows USDA's data on POD's procurement actions for fiscal year 1996.

Table I.9: Fiscal Year 1996 Contract Activity - POD

Dollars in thousands

Type of purchase	Number of transactions	Amount
Original contracts	26	\$ 2,597
Contract modifications	415	75,041
Purchase orders	9,269	12,836
Purchase cards	2,667	1,107
Total	12,377	\$91,581

Organization

POD is organizationally located under the Associate Deputy for Procurement and Facilities Operations. This office, located in Washington, D.C., handles all procurement for Operations, the Office of the Secretary, and various headquarters USDA functions such as Office of General Counsel, Office of Personnel, and Office of Finance and Management. In addition, there is one procurement official in the Kansas City Management Services Division who provides procurement support to POD. This person processes only purchase orders and purchase card transactions, however. POD also provides ADP procurement support for the National Finance Center, Rural Development, and other USDA agencies, as needed. POD's contracting activities are carried out by 19 contracting officers. In fiscal year 1996, the offices covered by POD as a contracting activity had 95 purchase card holders who processed 2,667 transactions.

Budget/Cost Data

POD officials informed us that they do not know the costs associated with POD's procurement activities because of organizational changes that occurred during fiscal year 1996. These changes have made it difficult to break down their aggregate costs and associate them with the appropriate function within the Office of Operations. Furthermore, in fiscal year 1996, USDA's Rural Development mission area reimbursed

POD for the salary of one contracting officer because of the large volume of ADP contracting services it provided to that mission. Other agencies do not reimburse POD for contracting services because of the small volume.

Procurement Policies and Procedures

POD contracting officers are required to follow the requirements in the FAR and the AGAR. POD does not use any other procedures.

Procurement Reviews

There have not been any formal evaluations of POD procurement activities within the last few years. However, informal daily reviews of some procurement activities are performed by the POD official in charge. Also, the Office of Inspector General, at the request of POD and USDA's Office of General Counsel, was reviewing one of POD's task order contracts when we conducted our review.

PURCHASE ORDER AND PURCHASE CARD TRANSACTIONS BY USDA ORGANIZATIONTable II.1: Purchase Order Transactions by USDA Organization - Fiscal Year 1996

Dollars in thousands

USDA organization ^a	Number of transactions	Amount obligated ^b	Contracting activity	Contracting activity totals	
				Transactions	Amount
Animal & Plant Health Inspection Service	44,767	\$ 30,579	APHIS	66,731	\$ 40,656
Federal Grain Inspection Service	7,330	2,992			
Packers and Stockyards Administration	341	41			
Agricultural Marketing Service	14,293	7,044			
Economic Research Service	1,745	2,828	ARS	137,928	77,274
Economics Management Staff	61	23			
National Agricultural Library	91	22			
Agricultural Research Service	64,944	62,693			
Agricultural Research Service ^c	67,949	8,715			
Cooperative State Research Service	931	1,066			
Extension Service	52	-10			
National Agricultural Statistics Service	2,155	1,937			
Food and Consumer Service	4,880	3,764			
National Agricultural Statistics Service	2,155	1,937			
Food and Consumer Service	4,880	3,764	FCS	4,880	3,764
Forest Service	283,640	169,868	Forest Service	427,484	233,679
Forest Service ^c	143,844	63,811			
Office of International Cooperation and Development	9	16	FSA	16,577	15,354
Farm Service Agency	14,130	10,707			
Foreign Agricultural Service	1,927	4,544			
Federal Crop Insurance Corporation	511	87			

USDA organization	Number of transactions ^a	Amount obligated	Contracting activity	Contracting activity totals	
				Transactions	Amount
Food Safety and Inspection Service	16,178	6,977	FSIS	16,178	6,977
Soil Conservation Service	71,624	31,964	NRCS	71,624	31,964
Office of Administrative Law Judge	73	71	POD	9,269	12,836
Office of Advocacy & Enterprise	269	490			
National Appeals Division	781	400			
Office of Executive Secretariat	30	74			
Office of Personnel	318	316			
Office of Operations	3,047	5,232			
Office of Small & Disadvantaged Business Utilization	17	11			
Department of Agriculture	3	3			
Office of Energy	14	7			
Office of Governmental and Public Affairs	1,559	2,448			
Office of General Counsel	572	728			
Office of the Secretary	815	573			
Office of Budget and Program Analysis	83	145			
Office of Information Resources	1,423	2,037			
World Agricultural Outlook	265	301			
Farmers Home Administration	67,984	33,652	RD	69,394	34,660
Rural Business and Cooperative Service	153	381			
Rural Electrification Administration	1,235	583			
Alternative Agricultural Research & Commercialization Center	22	44			
Total	820,065	\$457,164		820,065	\$457,164

^aThis table does not include purchase orders that were processed by USDA's Office of Financial Management or Office of Inspector General. These contracting activities were not included in our review.

^bNegative numbers represent deobligations.

^cThese entries represent amounts obligated through orders against blanket purchase agreements that are controlled by the General Services Administration.

Table II.2: Purchase Card Transactions by USDA Organization - Fiscal Year 1996

USDA organization ^a	Number of transactions	Amount obligated ^b	Contracting activity	Contracting activity totals				
				Transactions	Amount			
Animal and Plant Health Inspection Service	38,810	\$5,596,043	APHIS	47,175	\$ 6,961,819			
Federal Grain Inspection Service	1,589	236,944						
Packers & Stockyards Administration	337	49,222						
Agricultural Marketing Service	6,439	1,079,610						
National Agricultural Statistics Service	4	315	ARS	98,482	32,983,665			
Agricultural Research Service	98,478	32,983,808						
Economic Research Service	0	-457						
Food, Nutrition, and Consumer Service	1,257	410,165	FCS	1,257	410,165			
Forest Service	190,245	45,500,278	Forest Service	190,245	45,500,278			
Farm Service Agency	3,025	890,494	FSA	3,025	890,494			
Food Safety and Inspection Service	3,028	706,738	FSIS	3,028	706,738			
Natural Resources Conservation Service	27,604	4,228,247	NRCS	27,604	4,228,247			
Modernization of Administrative Processes	36	21,654	POD	2,667	1,106,594			
National Appeals Division	10	4,102						
Office of General Counsel	635	113,198						
Office of the Chief Economist	33	6,192						
Office of the Judicial Officer	3	1,631						
Office of Communications	28	20,369						
Office of Information Resources Management/Kansas City	1,004	422,328						
Office of Operations/Procurement Operations Division	529	315,132						
Office of Budget and Program Analysis	108	56,139						
Board of Contract Appeals	35	23,887						
Office of Personnel	246	121,962						
Rural Development	6,442	1,139,453				RD	6,870	1,276,748
Rural Electrification Administration	428	137,295						
Total	380,353	\$94,064,749					380,353	\$94,064,749

ENCLOSURE II

ENCLOSURE II

^aThis table does not include purchase card transactions that were processed by USDA's Office of Financial Management or Office of Inspector General. These contracting activities were not included in our review.

^bNegative numbers represent deobligations.

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